GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:4138
ANSWERED ON:20.08.2001
PROFIT EARNED BY PRIVATE AIRLINES
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the private airlines are making huge profit whereas Indian Airlines/Air India have been incurring losses;

(b) if so, the details thereof for the last three years airlines-wise; and

(c) the action taken or proposed to be taken in this regard?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a), (b) & (c): During the financial years 1998-99 and 1999-2000, Air India has incurred loss of Rs.174.48 crores and Rs.37.63 crores respectively. During the year 2000-01, the net loss of Air India is estimated at Rs.52 crores. This loss is mainly due to increasein fuel prices. If there had been no increase in fuel prices, Air India could have achieved a profit of about 200 crores in 2001-01.

Profit earned by Indian Airlines during 1998-99 & 1999-2000 are Rs.13.12 crore & Rs.45.27 crores respectively. During the year 2000-2001 provisional loss of Indian Airlines is Rs.177.25 crores. This loss has also been mainly due to massive increase in the price of ATF during 2000-2001, which resulted in additional outgo of Rs,231 crore on this count in IAL.

Indian Airlines has taken steps such as
(i) strict budgetary control with all the major items of expenditure are subject to cost benefit analysis, operational and commercial expediency;
(ii) Better fleet utilization, increased international operations;
(iii) Better scheduling of aircraft and route planning, Capacity deployment alignment with market requirements;
(iv) Code sharing with the foreign airlines, High level participation in computerized Reservation System;
(v) Freeze on recruitement unless absolutely necessary for operational reasons, fuel monitoring and tinkering, reduction in publicity and sales promotional expenditure, Review of uneconomic flights, Outsourcing of services to the extent feasible etc.

So far as Jet Airways, a Private Limited Company registered under the Companies Act, 1956 is concerned Section 220read with Section 610 of the Act, restricts accessibility of its Profit and Loss account to a person other than itsmembers. As regards Sahara Airlines, a Public Limited Company, its profit for the year ended 30th June,1998 and 30th June, 1999 is Rs.23.37 crores and Rs.4.06 crores respectively. The Company, however, incurred a loss of Rs.17.6 croreis for the year ended 31st March, 2000.